



Senate

General Assembly

January Session, 2005

File No. 304

Senate Bill No. 872

Senate, April 13, 2005

The Committee on Environment reported through SEN. STILLMAN of the 20th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING A CONNECTICUT FARMLAND PRESERVATION FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective July 1, 2005*) There is established the
- 2 "Connecticut Farmland Preservation Fund" which shall be a separate,
- 3 nonlapsing account within the General Fund. The fund may contain
- 4 any moneys required by law to be deposited into the fund. There shall
- 5 be deposited in the fund annually all real estate conveyance taxes
- 6 collected by the state that are in excess of the amount adopted as an
- 7 estimate for such conveyance tax collections in the state budget. The
- 8 moneys within the fund shall be used by the Department of
- 9 Agriculture to implement the state program for the preservation of
- 10 agricultural land established pursuant to chapter 422a of the general
- 11 statutes. Any interest derived from the investment of the fund shall be
- 12 credited to the fund.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2005</i>	New section
-----------	---------------------	-------------

ENV *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Comptroller	GF - Revenue Impact	See Below	See Below
Department of Agriculture	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

Currently, all of the revenue generated from the real estate conveyance tax is deposited into the General Fund. The bill requires in any year that revenue from the tax exceeds the adopted estimates the difference shall be deposited into a special account to preserve farmland. Therefore, in years where the revenue generated from the tax exceeds the adopted estimate, the bill will reduce the revenue available to the General Fund because it will result in a transfer of unrestricted revenue to a restricted account. This revenue diversion could have the effect of lowering a surplus or increasing a deficit for a given fiscal year.

To the extent that this legislation results in a significant revenue increase for the Department of Agriculture's Farmland Preservation Fund above the \$1 to \$2 million in GO bond authorizations that has been available for farmland preservation annually, the DOAG would need to hire additional staff to manage the program. The annual cost for each property agent is \$45,000 plus fringe benefits¹. The exact cost

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated fringe benefit reimbursement rate as a percentage of payroll is 53.91%, effective July 1, 2004. However, first year fringe benefit costs for new positions do not include pension costs lowering the rate to 22.65%. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System.

would depend upon the increase in revenue, if any, and is unknown at this time.

OLR Bill Analysis

SB 872

AN ACT CONCERNING A CONNECTICUT FARMLAND PRESERVATION FUND**SUMMARY:**

The bill creates the Connecticut Farmland Preservation Fund as a separate, nonlapsing account in the General Fund. The fund consists of any money (1) from the real estate conveyance tax that exceeds the amount adopted as an estimate for that tax in the state budget and (2) required to be deposited in it by law. The Department of Agriculture (DOA) must use the funds to implement the state program for the preservation of agricultural land. Any interest derived from the investment of the fund must be credited to it.

EFFECTIVE DATE: July 1, 2005

BACKGROUND***State Program for the Preservation of Agricultural Land***

This program authorizes DOA to purchase the development rights of existing farms. When the state makes this purchase, it gets a permanent easement that prohibits nonagricultural development of the land, while allowing the owner to operate and manage the farm business. The program's goal is to conserve selected agricultural lands, pastures, woods, drainage areas, and open space areas for the benefit of the state and future generations.

Related Bills

sSB 866, reported favorably by the Environment Committee, requires DOA to create and maintain a database on its website of farmers and active agricultural landowners who intend to sell their properties and those interested in starting or expanding an agricultural business. DOA must make reasonable efforts to facilitate contact between parties with similar interests. It must also include education material on farm transfer and succession on the website.

COMMITTEE ACTION

Environment Committee

Joint Favorable Report

Yea 28 Nay 0